

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

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September 1994

ITEMS TO REMEMBER

September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.

September 5: Legal Holiday - Labor Day (IC 1-1-9-1)

September 16: Last day to file budgets with county auditor. (At least two (2) days before the first meeting of the County Board of Tax Adjustment, file with the county auditor a statement of the tax rate and levy fixed by the Board of School Trustees and two (2) copies of the budget as adopted for the ensuing budget year) (C 6-1.1-17-5).

September 16: The A.D.M. count shall be taken on this date.

September 18: Meeting of County Tax Adjustment Board. (Each County Tax Adjustment Board, if applicable, shall hold its first meeting of each year on September 18 or on the first business day after September 18, if September 18 is not a business day (IC 6-1.1-29-4).

Note: Within ten (10) days following the publication by the county auditor of the "notice of tax rates," ten (10) or more taxpayers may initiate an appeal of the County Tax Adjustment Board's action; and/or, the school corporation may appeal (IC 6-1.1-17-13 and IC 6-1.1-17-15).

September 20: Last day to report and make payment of state and county income tax withheld during August to Department of State Revenue. (Please review Volume 100, of the December 1987, "The School Administrator.")

September 12-

September 30: The A.D.A. count shall be taken between these dates.

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ITEMS TO REMEMBER

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- October 1: On or before this date all duties of the County Tax Adjustment Board must be completed (IC 6-1.1-17-9).
- Prove all ledgers for the month ending September 30 as outlined for the month of August.
- Form 30A, Report of A.D.M. for State Support, is due in the office of Department of Education Division of School Finance on or before this date.
- October 10: Legal Holiday - Columbus Day (C 1-1-9-1).
- October 14: State Teachers' Retirement Form EOR-4 (Employing Officials' Report of Teacher Contribution Deductions for the first quarter of the 1992-1993 school year) is due in the office of the State Teachers' Retirement Fund Board. IC 21-6.1-7-9 provides "If the treasurer of a school corporation or the township trustee fails to make the reports as required in section 7 or 8 of this chapter, the school corporation which that officer serves is ineligible to receive any distribution of money from the state for school purposes until the reports and payments are received and approved by the board."
- Form 30B, Report of A.D.A. for State Support is due in the office of the Department of Education, Division of School Finance.
- October 20: Last day to report and make payment of state and county income tax withheld during September to Department of State Revenue. (Please review Volume 100, December 1987, of "The School Administrator.")

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- October 27: Board of Depositories. The notices are to be sent to the financial institutions by the school corporation by registered or certified mail, return receipt requested, and the receipt is to be filed with the other records of the proceedings of the board of finance. IC 5-13-8-3
- October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.
- Requests for textbook reimbursements must be received by the Department of Education, Division of School Finance before November 1.
- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 11: Legal Holiday - Veterans' Day (IC 1-1-9-1)
- November 4-8: Within five (5) days before the date fixed for filing proposals, the president of the board of finance of every county may call a meeting of the authorized agents of all local boards of finance and all financial institutions with a principal office or branch located in the county. At this meeting the agents of the local boards of finance that chose to participate shall consider the designation of depositories for the several public funds in the disposal of the several local boards and within the limitation of IC 5-13-8-5
- November 8-
November 30: Meeting of school board of finance for purpose of designating depositories. The school board of finance shall meet after the first Monday and on or before the also day of November in each even numbered year to open an consider all proposals of financial institutions with a principal office or branch in its territorial limit to become depositories. ((C 5-13-8-2)
- November 24: Legal Holiday - Thanksgiving Day (IC 1-1-9-1)
- November 30: A list of the names and addresses of all persons who have money due from the school corporation for salary, wages, or for any other reasons must be filed with the county treasurer on or before December 1 (IC 6-1.1-22-14).

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CONTRACTS FOR RETIRING EMPLOYEES

Except as provided in IC 5-10.2-4-3(e), in computing the retirement benefit for a nonteacher member, "average of the annual compensation" means the average annual compensation calculated using the twenty (20) calendar quarters of service in a position covered by the retirement fund before retirement in which the member's annual compensation was the highest. However, in order for a quarter to be included in the twenty (20) calendar quarters, the nonteacher member must have performed service throughout the calendar quarter. All twenty (20) calendar quarters do not have to be continuous but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups.

In computing the retirement benefit for a teacher member, "average of the annual compensation" means the average annual compensation for the five (5) years of service before retirement in which the members annual compensation was highest. In order for a year to be included in the five (5) years, the teacher member must have received for the year credit under IC 21-6.1-4-2 for at least one-half ($\frac{1}{2}$) years of service. The five (5) years do not have to be continuous.

Subject to IC 5-10.2-2-1.5 "annual compensation" means the basic salary earned by an paid to the member plus the amount that would have been part of that salary but for:

- (1) the state's, a school corporation's, a participating political subdivision's or a state educational institution's (as defined in IC 20-12-0.5-1) paying the member's contribution to the fund for the member; or
- (2) the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code.

The portion of a back pay award or similar award that the board determines is compensation under an agreement or under a judicial or an administrative proceeding shall be allocated by the board among the years the member earned or should have earned the compensation. Only that portion of the award allocated to the year the award is made is considered to have been earned during the year the award was made. Interest on an award is not considered annual compensation for any year.

Annual compensation means the basic salary received by any member plus compensation of two thousand dollars (\$2,000) or less received from the employer in contemplation of the member's retirement, including severance pay, termination pay, retirement bonus or commutation of unused sick leave or personal leave.

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CONTRACTS FOR RETIRING EMPLOYEES
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For the benefit of those teachers who are retiring as of the close of the school year, we repeat our recommendation that all compensation for service rendered on teaching contracts should be completed by the close of the school year (June 30) so that full reporting may be made of both compensation and service for that teacher at the close of the school year following which the retirement is to become effective.

SABBATICAL OR SICK LEAVE FOR TEACHERS

IC 20-6.1-6 in various Sections provides that a school corporation may grant a teacher a leave of absence, for at most one (1) year, for a sabbatical or for disability or sick leave. The school corporation may grant consecutive leaves. A school corporation may grant partial compensation for any leave in an amount it determines. However, if a teacher on a sabbatical serves an employer that agrees to reimburse the school corporation in whole or in part of the amount of the teacher's regular salary, the school corporation may grant full or partial compensation. A contract is required for a leave granted under IC 20-6.1-6-1. The teacher and the school corporation shall execute a regular teacher's contract for each school year in which any part of the teacher's leave is granted, and the teacher shall have the right to return to a teaching position for which the teacher is certified or otherwise qualified in accordance with the rules of the State Board of Education.

Rights existing at the time leave commences, which arise from a teacher's status as a permanent teacher; accumulation of successive years of service; service performed under an indefinite teacher's contract; and, status or rights negotiated under the collective bargaining law, shall remain intact except where contrary to other governing statutes.

During leave, the teacher may maintain coverage in any group insurance program by paying the total premium including the school corporation's share, if any, attributable to the leave period. The school corporation may elect to pay all or part of the cost of the premium as an adopted or negotiated fringe benefit to teachers on leave.

During leave extending into a part of a school year, a teacher shall accumulate sick leave in accordance with the provision of IC 20-6.1-5-6, or any salary schedule of the school corporation providing greater sick leave, in the same proportion which the number of days the teacher is paid during such year for work or leave bears to the total number of days for which teachers are paid in the school corporation.

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SABBATICAL OR SICK LEAVE FOR TEACHERS
(Continued)

During leave of a non permanent teacher, the period of probationary successive years of service under a teacher's contract which is a condition precedent to becoming a permanent teacher under IC 20-6.1-4-9 shall be uninterrupted for that teacher except where contrary to other governing statutes; however, this probationary period shall not include an entire school year spent on leave.

All or part of a leave granted for sickness or disability, including pregnancy-related disability, may be charged at the teacher's available sick days. The teacher is not entitled to take accumulated sick leave days when the teacher's regular teaching duties. The teacher is entitled to complete the remaining leave without pay.

Sabbatical leaves may be granted teachers, on written request, for improvement of professional skills through advanced study, work experience, teacher exchange programs; or, approved educational travel. After taking a sabbatical, the teacher shall return for a length of time equal to that of the sabbatical leave.

A school corporation may place a teacher, with or without written request, on a disability or sick leave for at most one (1) year. A teacher placed on disability or sick leave without the teacher's written request is entitled to a hearing on that action in accordance with IC 20-6.1-4 Sections 10 and 11.

Specific provision governing leaves of absence for temporary disability caused by pregnancy are found in IC 20-6.1-6-4. Pregnancy leaves may be granted any time between the commencement of the pregnancy and one (1) year following the birth of the child, if the teacher notifies the superintendent of the school corporation at least thirty (30) days before the date on which she wishes to start her leave.

ADDITIONAL APPROPRIATIONS

If the proper officers of any school corporation determine the need for expenditure of more money in the current year than was provided for in the approved annual budget, the following is required:

(1) In all cases of additional appropriations the governing body must meet and determine that they desire to appropriate for the expenditure of more money than was appropriated in the annual budget. When this

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ADDITIONAL APPROPRIATIONS
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condition has been determined, notice must be given to taxpayers by publication and posting as required by IC 5-3-1-2(b). Said notice to taxpayers should be made as required by the State Board of Tax Commissioners.

(2) The governing body determines whether to proceed with the proposal. An approval may not be in excess of the amount advertised, but can be less than requested. The governing body must adopt a resolution of additional appropriations.

(3) If a school corporation proposes an additional appropriation from a fund that receives property tax levied under IC 6-1.1, the additional appropriation must be reported to and approved by the State Board of Tax Commissioners. A school corporation may make an additional appropriation without the approval of the State Board of Tax Commissioners if it is from a fund that does not receive property tax, however, those appropriations shall be reported to the State Board of Tax Commissioners.

After the public hearing, the proper officers of a school corporation shall file a certified copy of the final proposal and any other relevant information to the State Board of Tax Commissioners.

(4) Upon receipt of the certified copy of a proposal for additional appropriations, the State Tax Board will, in not less than fifteen (15) days after it receives the certificate, determine (in writing) if sufficient funds are available or will be available. The Tax Board shall limit the additional appropriation to revenues available or to be made available, which have not been previously appropriated.

(5) If the State Board of Tax Commissioners disapproves an additional appropriation under IC 6-1.18-5, the State Board of Tax Commissioners shall specify the reason for its disapproval on the determination sent to the school corporation.

A school corporation may request a reconsideration of a determination of the State Board of Tax Commissioners under this section by filing a written request for reconsideration. A request for reconsideration must: (1) be filed with the State Board of Tax Commissioners within fifteen (15) days of the receipt of the determination by the political subdivision; and (2) state with reasonable specificity the reason for the request. The State Board of Tax Commissioners must act on a request for reconsideration within fifteen (15) days of receiving the request.

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ADDITIONAL APPROPRIATIONS
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If there are questions concerning the procedures for additional appropriations, they should be directed to the Indiana State Board of Tax Commissioners for clarification.

TRANSPORTATION FUND - CAPITAL OUTLAY

In 1979 the Legislature authorized the governing body of each school corporation to establish a School Transportation Fund (IC 21-2-11.1-2) as the exclusive fund to be used by the school corporation for the payment of costs attributable to transportation of school children during the school year ending in the calendar year for which the budget is prepared. The 1984 session of the legislature amended IC 21-2-11.5-2 to permit the purchase of some replacement buses for the program, a capital outlay expenditure.

IC 21-2-11.5-2 provides in part (b) "the costs attributable to transportation include: (1) the salaries paid bus drivers, transportation supervisors, mechanics and garage employees, clerks and other transportation related employees; (2) contracted transportation service; (3) wages of independent contractors; (4) contracts with common carriers; (5) pupil fares; (6) transportation-related insurance; (7) amounts paid for replacement of school buses; and, other expenses of operation including but not limited to gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expense." The State Board of Accounts has not taken audit exception to expenditures for "equipment" used as tools and movable equipment necessary to keep the transportation program operating.

The 1984 session of the Indiana General Assembly amended IC 21-2-11.5-3 to provide that "Each school corporation may levy for the calendar year, a tax for the school transportation fund sufficient to pay all costs attributable to transportation that are not paid for from other revenues available to the fund . . . However in any calendar year, a school corporation may not include for replacement of school buses in its school transportation fund levy more than an amount required to pay for the replacement of ten percent (10%) of its school buses if the school corporation has a school bus fleet of ten (10) school buses. If ten percent (10%) of a school corporation's school bus fleet equals a whole number of school buses plus a fractional part of a school bus, then the fractional part shall be rounded up to a whole school bus if the fractional part equals one-half ($\frac{1}{2}$) or more. The tax rate and levy shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17."

Also review Volume 117 of the "School Administrator" concerning administrative expenses.

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GUARANTEED ENERGY SAVINGS CONTRACTS

The Indiana Department of Commerce, Energy Policy Division has provided the following article.

When the Indiana General Assembly passed Senate Enrolled Act 516 in 1993, Indiana's public schools were given increased flexibility to enter into guaranteed energy savings contracts. These contracts are an agreement between a contractor and a building owner to reduce the energy-related operating costs of a building by a specified minimum amount. If these guaranteed savings are not achieved, the contractor will reimburse the building owner for the difference.

The Indiana Department of Commerce, Energy Policy Division has produced a handbook entitled, An Introduction to Guaranteed Energy Savings Contracts: New Opportunities for Indiana's Public Schools, to answer many of the questions surrounding the use of guaranteed energy savings contracts and to provide guidance to interested schools and contractors.

Topics covered by the handbook include: advantages and disadvantages; selecting a contractor; eligible projects; allowable and disallowable operating cost savings; and guidelines for reporting the savings as required by law.

A copy of this handbook was mailed to each of Indiana's public school districts in June. To request a copy, or for more information on this type of contracting, please contact the Indiana Department of Commerce's Energy Policy Division at (317) 232-8979.

ENERGY PROGRAMS AND CAPITAL PROJECTS FUNDS

The State Board of Tax Commissioners has stated the following concerning Guaranteed Energy Savings Contracts "Payments for these contracts may be paid from the Capital Projects Fund to the extent the actual energy and operational savings are documented from the CPF. Energy cost savings that are realized in the General Fund, should be paid from the General Fund."

The State Board of Tax Commissioners and the State Board of Accounts have been informed that some school corporations have entered into Guaranteed Energy Savings Contracts which have required the school corporation to arrange for a loan from a financial institution or otherwise secure financing. The State Board of Accounts is of the audit position that extreme care should be observed in obtaining financing in regards to various requirements e.g.; Article 13 Section 1, of the Constitution of The State of Indiana; IC 6-1.1-20-1 et seq., etc. We will consider in an audit express written opinions concerning compliance with these and other statutory provisions as might be provided by applicable parties, ie; attorneys, energy companies, and State Board of Tax Commissioners, etc.

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CAFETERIA VENDING MACHINES

The Division of School and Community Nutrition of the Department of Education policy regarding vending machines states that vending machines containing foods of minimal nutritional value cannot be sold in the food service area during the breakfast and/or lunch periods. These foods (carbonated beverages, candy, etc.) may however be sold outside the food service area during meal periods. The policy goes on to state that the sale of competitive foods (which meet certain nutritional requirements) may, at the discretion of the state agency and school food authority, be allowed in the food service area during the breakfast or lunch periods only if the income from the sale of such foods accrues to the benefit of the nonprofit food service or the school or student organizations approved by the school.

The Division of School and Community Nutrition allows the school food authority to determine where the income from the sale of competitive foods shall go as long as it conforms to the above policy.

The State Board of Accounts is of the audit position that as long as the Division of School and Community Nutrition policy allows for a choice, that the decision of which fund the vending revenue is to be accounted for in should be in accordance with the following:

1. If a particular student group or organization manages the vending function, the proceeds should accrue to that groups extra-curricular fund.
2. If the vending in question is located at athletic events and managed by athletes or athletic department individuals, the proceeds may go to the athletic fund.
3. If no particular student group manages the vending function, the proceeds should go to the School Lunch Fund or the Extra-Curricular General Fund, Student Activity Fund or Concession Fund for the benefit of all students and spent consistent with the article in "The School Administrator" Vol. 113, March 1991, and page 19 of the Extra-Curricular Accounting Manual.

The Board of School Trustees should document their preference in the board minutes.

The possibility exists that an Audit Result and Comment may appear in the audit report if the School Lunch Fund fiscal status is adversely effected by the policy.